

## Message Text

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ACTION COME-00

INFO OCT-01 AF-06 ISO-00 EB-07 /014 W

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R 170610Z MAY 75

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC 7274

UNCLAS TANANARIVE 0896

E.O. 11652: N/A

TAGS: BEXP, MA

SUBJECT: MAJOR EXPORT PROJECTS PROGRAM: PAPER PULP MILL  
PROJECT FOR MADAGASCAR

REFS: (A) STATE 112699; (B) TANA 791

1. EMBASSY UNDERSTANDS THAT CONSORTIUM HEADED BY PARSONS & WHITMORE, FRENCH BRANCH, AND INCLUDING JAPANESE COMPANY ATAKA IS ONLY GROUP WHICH HAS SUBMITTED PROPOSAL TO GOMR ON PULP MILL PROJECT. PARSONS/WHITMORE GROUP IS NOW DOING PRE-FEASIBILITY STUDY, AND HAS PRESENTED OUTLINE PROPOSAL TO GOMR CALLING FOR CONSTRUCTION OF MILL IN 1977-79 TIMEFRAME. ORIGINAL WORLD BANK STUDY PROJECTED MILL CONSTRUCTION IN 1981-84 TO UTILIZE PINE FORESTS DUE TO MATURE IN 1985. HOWEVER PARSONS/WHITMORE GROUP HAS PROPOSED USE OF EUCALYPTUS WOOD DURING EARLY 1980'S UNTIL PINE FORESTS MATURE, PERMITTING ACCELERATED TIMETABLE TO TAKE ADVANTAGE OF HIGH WORLD PRICES FOR PULP.

2. ACCORDING TO UNIDO REPRESENTATIVE IN MADAGASCAR, WHO IS HELPING GOMR IN STUDY OF PROJECT, UNDER PARSONS/WHITMORE PROPOSAL CONSORTIUM WOULD SUPPLY ALL FINANCING FOR CONSTRUCTION OF MILL AND SUBSEQUENT MANAGEMENT, WHILE GOMR WOULD PROVIDE FOREST RESOURCES AND INFRASTRUCTURE REQUIRED, WITH ASSISTANCE OF IBRD. MILL, PROJECTED TO BE OF 250,000 TON CAPACITY, WOULD NOW COST UPWARD OF \$200 MILLION; PARSONS/WHITMORE GROUP WOULD ARRANGE FINANCING FOR MILL FROM EUROPEAN, JAPANESE, AND U.S. SOURCES, AS WELL AS INTERNATIONAL FINANCE CORPORATION, ALTHOUGH DETAILS NOT AVAILABLE.  
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REPORTEDLY CONSORTIUM IS ALSO SEEKING ADDITIONAL PARTNERS TO PARTICIPATE IN THIS MAJOR PROJECT.

3. PARSONS/WHITMORE GROUP HAS NOT COMMUNICATED WITH EMBASSY.

REPRESENTATIVES OF FIRM WHO HAVE BEEN IN MADAGASCAR ARE ALL  
FRENCH NATIONALS, BUT ACCORDING TO UNIDO ADVISOR,  
THEY REPORT THEY AFFILIATED WITH PARSONS/WHITMORE IN NEW YORK.  
ELFERS

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<< END OF DOCUMENT >>

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**Current Classification:** UNCLASSIFIED  
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